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**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

August 12, 2003

FROM: **THOMAS R. LAURIN, DIRECTOR
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

SUBJECT: **RESOLUTION TO APPROVE SUBMISSION OF GRANT APPLICATION TO
THE U. S. FOREST SERVICE FOR AN ECONOMIC RECOVERY LOAN
PROGRAM FOR PORTABLE MILLING AND WOOD PRODUCT
DEVELOPMENT**

RECOMMENDATION: Adopt resolution authorizing submittal of a grant application in the amount of \$124,000 to the U.S. Forest Service (USFS) for development of portable milling operations and wood product development in the **mountain communities of San Bernardino County.**

BACKGROUND INFORMATION: In June 2003, the USFS designated \$3.1 million for the State of California Department of Forestry and Fire Prevention (CDF) to provide support for the Bark Beetle emergency. Within that \$3.1 million allocation was a requirement to utilize some portion of the funding for wood product processing. It was determined that providing low interest loans to existing portable mill operators and new wood product marketing would be the best use of the funds. However, CDF is not equipped to provide the type of program under the USFS guidelines for this category. Therefore, given that County of San Bernardino has an existing small business loan program through the Department of Economic and Community Development (ECD), on July 11, 2003, CDF and the USFS approached the County, requesting that it partner in this aspect of the funding. ECD has prepared a grant application to the USFS for the purpose of providing this loan program. The program is designed to reduce current fire hazard by expediting the removal of dead and dying trees.

The low interest loan program will be available to existing portable mill operators and producers of wood products for up to \$25,000 for each loan for purchase of equipment, and other uses that are typically acceptable under the federal Department of Housing and Urban Development guidelines. The County has the flexibility to set the interest rate and retain the interest income for administrative fees.

According to USFS Division of State and Private Forestry, a threat exists that the grant monies provided to them for this program may be re-allocated to other federal programs unless the funds are awarded without delay. A draft application was sent to the USFS by its deadline of July 31, 2003, as a "place holder" for the grant to the County of San Bernardino. Once the resolution is adopted and the grant application is signed by the Chairman of the Board of Supervisors, it will be immediately submitted to the USFS. In turn, USFS will immediately respond by sending the award document to be signed by the ECD Director, as indicated in the resolution. It is anticipated that ECD will return to the Board on August 19 or August 26, 2003 to ratify the action of the Director in accepting the grant award or as soon as practical if the grant is not awarded immediately.

Record of Action of the Board of Supervisors

**RESOLUTION TO APPROVE SUBMISSION OF GRANT APPLICATION TO THE U.S.
FOREST SERVICE FOR AN ECONOMIC RECOVERY LOAN PROGRAM FOR PORTABLE
MILLING AND WOOD PRODUCT DEVELOPMENT**

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REVIEW BY OTHERS: The resolution was reviewed and approved by the County Administrative Office, Patricia M. Cole, Administrative Analyst III on August 5, 2003 and by Deputy County Counsel, Michelle D. Blakemore on August 6, 2003.

FINANCIAL IMPACT: Total grant amount is \$124,000. The local match of twenty percent (20%) will consist of \$31,000 of in-kind staff services, and interest generated from the loans to be reinvested in the program.

SUPERVISORIAL DISTRICT (S): 1st, 2nd and 3rd.

PRESENTER: Thomas R. Laurin, Director, 388-0808.

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